

REGISTERED NUMBER: SC432814

BON ACCORD SUPPORT SERVICES LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

	Page
Company Information	3
Strategic Report	4
Report of the Directors	7
Statement of Directors' Responsibilities	9
Report of the Independent Auditor	10
Profit and Loss Account	12
Statement of Comprehensive Income	13
Balance Sheet	14
Statement of Changes in Equity	15
Notes to the Financial Statements	16

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2017**

DIRECTORS

**Tim Gardiner
Alan Grant
Heather Gray
John MacLean
Andrew Newall
Graham Parker
Sandra Ross**

REGISTERED OFFICE

**Inspire Building
Beach Boulevard
Aberdeen
AB24 5HP**

REGISTERED NUMBER

SC432814

AUDITOR

**Johnston Carmichael LLP
Chartered Accountants and Registered
Auditor
Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL**

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

The Directors present their Strategic Report for the year ended 31 March 2017.

Corporate Overview

Bon Accord Support Services Limited is a wholly owned subsidiary of Aberdeen City Council.

Bon Accord Support Services Limited manages the provision of elderly care, occupational therapy and learning and development services to the people of Aberdeen. The company operates throughout the Aberdeen area in private homes, sheltered housing and specialised facilities.

The company is contracted by Aberdeen City Council to provide these services; Bon Accord Support Services Limited sub-contracts the regulated care element of the contract to Bon Accord Care Limited. The contract and companies are structured this way to ensure that the business can operate under normal VAT trading rules. Aberdeen City Council aims to maximise care delivered to the people of Aberdeen within the limits of the contracted sum. Any distributable surplus generated by the company will be returned to Aberdeen City Council or, if the shareholder prefers, reinvested in the company to provide additional care.

Profit & Loss Account

These accounts summarise the financial position for the year to 31 March 2017. The company shows a turnover of £26,677,000 upon which it recorded a profit after tax of £28,000 (2016 - £106,000).

Once we fully account for the increase in the actuarially assessed pension fund deficit the company records a comprehensive expense of £116,000 for the year.

Turning to the actual company performance in 2016/17 the company was asked to deliver £430,000 of new efficiency savings within the contracted sum for 2016/17, after accounting for unavoidable additional costs arising from staff pay increases and changes to employer National Insurance obligations. This target followed on from the £1,000,000 of annual recurring savings delivered in the previous year so was a significant target for the company. The Directors are pleased to report that the savings target was exceeded with a total of £470,000 savings being achieved in the year. This achievement has been all the more satisfying as our overall service quality ratings as set by our external governing body, the Care Inspectorate, have improved by 14% in 2016 (average over all our 14 Care Inspectorate inspected services). It is doubly difficult to operate in times of financial constraints and to improve service quality so this is an achievement of which the Board is justifiably proud.

2017/18 sees the company being targeted with a further efficiency target of £600,000. The Directors are pleased to report that the company expects to meet this target in 2017/18 so by the end of the 2017/18 business year we should be able to report achieving a running total of annual recurring cash savings in the region of £2,000,000 in this 3 year period – no small achievement and one for which we thank our staff for their hard work to meet our business targets while at the same time improving service quality.

Balance Sheet

Overall the net worth of the company reduced by £116,000 in the year, this is entirely due to the increase in the actuarially assessed pension deficit. Readers are reminded that this is not in any way an immediate cash liability to the company rather it is an assessment of the present value of the company's future obligations under our pension arrangement. Aside from this we see company assets are slightly improved, creditors remain flat year on year and company cash reserves remain high at almost £3,000,000.

Principal Risks and Uncertainties

The company is almost entirely funded through its core contract with Aberdeen City Council. The financial pressures placed upon public sector bodies present the most significant element of business risk to the company. Financial austerity in the public sector is restricting the level of funding Aberdeen City Council received now and in the future. As a direct consequence the company is asked to deliver its services in more efficient ways to ensure we can contribute efficiencies now and in the future that will help ease the financial burden on our main customer (and owners) Aberdeen City Council. The company will always aim to deliver the maximum levels of quality care within the contract sum awarded by our customers.

The Directors anticipate that the pressure to continually reduce overall spend on public services will continue. Given that assumption, the Board has put in place several strategic initiatives to deliver real efficiencies whilst maintaining or improving the volume and quality of our services. The company has initiated a full strategic review of all its operations and practices with a view to delivering improved value for money and service quality to the citizens of Aberdeen. All aspects of the business will be examined. This process will yield significant service improvements and savings both in 2017/18 and beyond. As outlined above we have material efficiency targets to be met in 2017/18 as in 2016/17 – the company is on track to achieve those targets.

Our 5 year contract with Aberdeen City Council will end on 31 July 2018, less than 12 months from the publication of this report. This is a potential risk to the company however the Board is already in discussion with the Aberdeen City Health and Social Care Partnership regarding their plans for the delivery of social care by Bon Accord Support Services Limited beyond July 2018. We are still at the discussion stage of how that service will look post 2018 so, at this moment in time, do not have any contractual basis to trade beyond July 2018. However it is clear that the Aberdeen City Health and Social Care Partnership and Aberdeen City Council are committed to Bon Accord Support Services continuing to remain an important supplier of social care beyond 2018. The Board is therefore confident that a suitable and satisfactory contractual arrangement will be agreed and in place and allow the continued and uninterrupted trading by the company beyond the time limits of the current contractual arrangements.

Key Performance Indicators

Bon Accord Support Services Limited is a company wholly owned by Aberdeen City Council with the principal aim of delivering high quality adult social care to the citizens of Aberdeen in the most efficient way to ensure it offers the best value for money to the local taxpayer. To do this the company approaches all that it does from a commercial viewpoint. However we deliver a public service so considerations of the quality of service we provide and the responsible treatment of our staff mean that, after we can ensure that we will operate within our contracted sum, we aim to maximise service delivery not business profit. The company targets the maximisation of volume and quality in services we provide to our service users. Any savings made are re-invested in the delivery of our services.

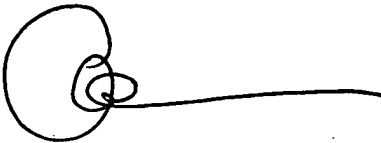
Each year the company agrees the service levels to be provided and the annual cost of those services with the Aberdeen City Health and Social Care Partnership. We must then deliver or beat those commitments. To generate profit by reducing activity is not acceptable, delivery to or exceeding activity targets within the contracted sum is our principal KPI. This was achieved in 2016/17 with activity targets met and a small profit of £28,000 (2016 - £106,000) being generated.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

In terms of quality our services are externally assessed by the Care Inspectorate who will visit our services (usually un-announced) and audit all aspects of what we do. Following inspection reports any issues and any remedial actions required are highlighted. Various aspects of the services are scored from 1 (unacceptable) to 6 (an exemplar). As mentioned above average service quality score increased by 14% to 4.4 – which is “good” under the scoring system. We are progressing well toward an overall “very good” rating of 5.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a horizontal line extending to the right.

JOHN MACLEAN

FINANCE DIRECTOR

DATE: 29 September 2017

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2017**

The directors present their report with the financial statements of the company for the year ended 31 March 2017.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2017.

DIRECTORS

The directors shown below have held office during the whole of the year from 1 April 2016 to the date of this report:

Tim Gardiner
Alan Grant
Heather Gray
John MacLean
Andrew Newall
Graham Parker
Sandra Ross

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an on-going basis and provision is made for doubtful debts where necessary.

Future developments

Future developments can be found in the Strategic Report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

AUDITOR

The auditor, Johnston Carmichael LLP, will be deemed re-appointed under S487 of the Companies Act 2006.

DIRECTORS LIABILITY INSURANCE

The company has an insurance policy in place underwritten by Zurich Municipal that provides cover for the Directors against any personal liability arising from claims of a management, corporate or employment practices nature. The policy is an annual arrangement with a renewal date of 25 November.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a horizontal line extending to the right.

JOHN MACLEAN

FINANCE DIRECTOR

DATE: 29 September 2017

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2017**

The directors are responsible for preparing the Strategic Report, Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BON ACCORD SUPPORT SERVICES LIMITED

We have audited the financial statements of Bon Accord Support Services Limited for the year ended 31 March 2017 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page nine, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material misstatements and material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements. The Strategic Report and the Report of the Directors has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BON ACCORD SUPPORT SERVICES LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Johnston Carmichael LLP

Fiona Kenneth (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP
Chartered Accountants and Statutory Auditor
Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

3 October 2017

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017 £'000	2016 £'000
TURNOVER	3	26,677	26,223
Cost of sales		<u>(25,038)</u>	<u>(24,530)</u>
GROSS PROFIT		1,639	1,693
Administrative expenses		<u>(2,215)</u>	<u>(2,148)</u>
		(576)	(455)
Other operating income		<u>600</u>	<u>550</u>
OPERATING PROFIT	5	24	95
Interest receivable and similar income		6	13
Interest payable		<u>(1)</u>	<u>-</u>
PROFIT BEFORE TAX		29	108
Corporation tax	6	<u>(1)</u>	<u>(2)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>28</u>	<u>106</u>

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017 £'000	2016 £'000
PROFIT FOR THE FINANCIAL YEAR		28	106
Other comprehensive income			
Actuarial (loss) / gain on defined benefit pension scheme	15	<u>(144)</u>	<u>34</u>
Other comprehensive (expense) / income for the year		<u>(144)</u>	<u>34</u>
TOTAL COMPREHENSIVE (EXPENSE) / INCOME FOR THE YEAR		<u>(116)</u>	<u>140</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**BALANCE SHEET
31 MARCH 2017**

	Notes	2017 £'000	2016 £'000
FIXED ASSETS			
Tangible assets	7	244	247
CURRENT ASSETS			
Stocks	8	371	351
Debtors	9	205	216
Cash in hand		2,987	2,891
		<u>3,563</u>	<u>3,458</u>
CREDITORS			
Amounts falling due within one year	10	<u>(4,034)</u>	<u>(4,003)</u>
NET CURRENT LIABILITIES			
		<u>(471)</u>	<u>(545)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>(227)</u>	<u>(298)</u>
DEFERRED GOVERNMENT GRANTS			
	11	(80)	(86)
PENSION LIABILITY			
	15	<u>(290)</u>	<u>(97)</u>
NET LIABILITIES			
		<u>(597)</u>	<u>(481)</u>
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Retained earnings	14	<u>(597)</u>	<u>(481)</u>
SHAREHOLDER'S DEFICIT			
		<u>(597)</u>	<u>(481)</u>

The financial statements were approved by the Board of Directors on 29 September 2017 and were signed on its behalf by:



John MacLean
Director

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2015		-	(621)	(621)
Profit for the year		-	106	106
Actuarial gain on defined benefit pension scheme		-	34	34
Balance at 31 March 2016		-	(481)	(481)
Profit for the year		-	28	28
Actuarial loss on defined benefit pension scheme	15	-	(144)	(144)
Balance at 31 March 2017		-	(597)	(597)

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES

Company information

Bon Accord Support Services Limited is a private limited company domiciled and incorporated in Scotland. The registered office and trading address is Inspire Building, Beach Boulevard, Aberdeen, AB24 5HP.

Accounting Convention

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historic cost convention modified to include certain financial instruments at fair value. The principal accounting policies are set out below.

FRS 102 reduced disclosure framework

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it.

The company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) The requirements of Section 7 "Statement of Cash Flows" and Section 3 "Financial Statement Presentation" paragraph 3.17 (d).
- (b) Certain disclosure requirements in relation to financial instruments contained in sections 11 and 12.
- (c) The requirement of Section 33 "Related Party Disclosures" paragraph 33.7.

Going Concern

The company reports a trading profit at 31 March 2017. The year has been a successful one in that contracted activity levels have been met, quality is improved (as measured by the Care Commission grading system) and after accounting for unavoidable additional costs, the company delivered additional savings of £470,000 (2015/16 £1,000,000).

Looking forward it is clear to the Board that public sector finances will come under material pressure for cost reduction in the coming years. Bon Accord Support Services Limited being a wholly owned subsidiary of Aberdeen City Council will do everything possible to assist Aberdeen City Council to meet its financial targets while maintaining activity levels and the highest levels of quality care possible within its financial limitations.

The management team has contingent planning in place for a reduction in available funds for adult social care over the next 3 years. The company cannot be certain what limitations will be placed on the contracted sum since public sector funding levels are set annually by the Scottish Government. However the contingent plans are prudent. Work is already underway to review all aspects of how the company operates and manages the business in order to develop suitable plans that will deal with the business targets in the timescales required. The Directors are confident that the company will achieve all that is asked of it, indeed the company is currently on target to meet a 2017/18 savings target of £600,000.

The company's service contract with its main customer Aberdeen City Council ends in July 2018 however there is a clear commitment from both Aberdeen City Council and the Aberdeen City Health & Social Care Partnership to renew the contract in substantial form beyond 2018 for a period of at least 3 years. The Board is now in constructive discussion with the Aberdeen City Health & Social Care Partnership to set out a mutually agreeable contracted relationship beyond the current arrangement.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

NOTES TO THE FINANCIAL STATEMENTS continued FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES – continued

The company continues to show an accumulated deficit at 31 March 2017, this deficit increasing by £116,000 in 2016/17 wholly due to an increase in the actuarially assessed pension fund liability. Trading profits generated in the year only partially negate this adverse movement so we continue to show an overall deficit in shareholder funds arising from the initial 8 months of trading and the recognition of defined benefit pension scheme liabilities in the balance sheet.

Given this accumulated deficit, the pension liability noted and the anticipated contractual austerity the company has sought written assurance from Bon Accord Support Services' sole shareholder, Aberdeen City Council, for its on-going financial support of the company. Aberdeen City Council has formally confirmed its commitment to ensuring that the company can meet all external creditors falling legally due until at least 30 September 2018.

Having obtained the agreement of Aberdeen City Council to continue to support the company in these circumstances, and recognising the clear intention of our customer to extend the contractual arrangement beyond 2018, the Directors are satisfied that it is appropriate to prepare the accounts on a going concern basis.

Turnover

Turnover represents net invoiced sales of services, excluding value added tax and is recognised when the company has earned the rights to consideration, in line with when the services are provided.

Tangible Fixed Assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided at rates to write off the cost of fixed assets, less their residual value, over their expected useful lives on the following basis:

Motor vehicles	5 – 7 years
Other fixed assets	3 - 5 years
Property and tenants' improvements	15 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete or slow moving items.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

NOTES TO THE FINANCIAL STATEMENTS continued FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES – continued

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Corporation Tax

Bon Accord Support Services Limited is constituted as a private limited company wholly owned by Aberdeen City Council. The company trades with a view to making profits and providing a 5 star service to the citizens of Aberdeen. Aberdeen City Council is entitled to a dividend should a distribution be authorised by the Board from accumulated profits. Given these circumstances Bon Accord Support Services Limited will be liable for Corporation Tax on any taxable profits generated.

Given the accumulated losses to date and our shareholder's aim to maximise the delivery of the company's services it is unlikely in the medium term that any Corporation Tax will be payable upon the company's core trading activities for Aberdeen City Council. Should the commercial opportunities being developed prove successful, taxable surpluses may be generated in the future. Corporation tax can also be payable on any unearned incomes i.e. interest receivable on bank deposits.

Operating Leases

Operating lease rentals are charged on a straight-line basis over the term of the lease.

Government Grants

Any government grants received are matched with the corresponding expenditure in the period the expenditure is recognised.

1. ACCOUNTING POLICIES – continued

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pension Costs and other Post-Retirement Benefits

The company offers staff membership of a defined benefit pension scheme, the North East Scotland Pension Fund, a Local Government Pension Scheme that provides benefits based upon members average career salary. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate. The expected cost to the company of pensions is charged to the profit and loss account so as to spread the cost of pensions over the service lives of the employees.

In accordance with FRS 102 the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the profit and loss account. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The difference between the actual and expected returns on assets during the year, including changes in actuarial assumptions, is recognised as assets or liabilities within the company balance sheet.

2. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following judgements or estimation uncertainties have a significant effect of the amounts recognised in the financial statements:

Defined benefit pension deficit

The NESPF scheme is accounted for as a defined benefit pension scheme using actuarial assumptions. These assumptions involve significant judgements and are based on the advice of the schemes actuaries. Details of the assumptions are contained in note 15.

Going concern

The directors' judgement to continue preparing accounts on the going concern basis is explained in note 1. The accounts do not include any adjustments that may arise if the going concern basis was not used.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2017****3. TURNOVER**

The directors believe that the company has one class of business, which is the provision of elderly care, occupational therapy and development services to the people of Aberdeen. Turnover consists of revenue originated and delivered in the United Kingdom.

4. STAFF COSTS

	2017	2016
	£'000	£'000
Wages and salaries	1,222	947
Social security costs	113	76
Other pension costs	198	170
	<u>1,533</u>	<u>1,193</u>

The average monthly number of employees during the year was as follows:

	2017	2016
Administration	36	33
Modern Apprentices	6	-
	<u>42</u>	<u>33</u>

5. OPERATING PROFIT

	2017	2016
	£'000	£'000
The operating profit is stated after charging:		
Depreciation – owned assets	30	30
Auditor's remuneration	6	6
Other operating leases	1,022	1,042
	<u>1,058</u>	<u>1,078</u>
Directors' remuneration	163	163
Directors' fees	26	26
Directors' pension contributions	25	25
	<u>214</u>	<u>214</u>

The number of directors to whom retirement benefits were accruing was as follows:

Defined benefit pension scheme	<u>2</u>	<u>2</u>
--------------------------------	----------	----------

Emoluments of highest paid Director:

Aggregate emoluments	95	94
Company pension contributions	14	14
Accrued pension benefit	7	5
	<u>116</u>	<u>113</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2017****6. Tax on profit on ordinary activities**

The tax charge is based on the profit for the year and represents:

	2017 £'000	2016 £'000
UK corporation tax	1	-
Adjustments in respect of previous periods	<u>-</u>	<u>2</u>
Tax on results of ordinary activities	<u>1</u>	<u>2</u>

The tax assessed for the year differs from the standard rate of corporation tax in the UK as follows:

Profit on ordinary activities before tax	<u>29</u>	<u>108</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom at 20% (2016: 20%)	6	22
Prior year adjustment	-	2
Expenses not deductible for tax purposes	-	1
Group relief surrendered	-	4
Pension liability adjustment	(29)	11
Other differences	3	3
Effect of changes in tax rates and laws	7	
Deferred tax asset not recognised	<u>14</u>	<u>(41)</u>
Tax on results of ordinary activities	<u>1</u>	<u>2</u>
Tax charge per the accounts	<u>1</u>	<u>2</u>

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013 and further reduction to 19% (effective from 1 April 2017) and 18% (effective 1 April 2020) were substantively enacted on 16 November 2015.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2017**

7. TANGIBLE FIXED ASSETS

	Motor Vehicles £'000	Other fixed assets £'000	Property and tenants' improvements £'000	Totals £'000
COST				
At 1 April 2016	60	97	250	407
Additions	-	27	-	27
Disposals	<u>(17)</u>	<u>-</u>	<u>-</u>	<u>(17)</u>
At 31 March 2017	<u>43</u>	<u>124</u>	<u>250</u>	<u>417</u>
DEPRECIATION				
At 1 April 2016	36	91	33	160
Charge for year	7	6	17	30
Depreciation on disposal	<u>(17)</u>	<u>-</u>	<u>-</u>	<u>(17)</u>
At 31 March 2017	<u>26</u>	<u>97</u>	<u>50</u>	<u>173</u>
NET BOOK VALUE				
At 31 March 2017	<u>17</u>	<u>27</u>	<u>200</u>	<u>244</u>
At 31 March 2016	<u>24</u>	<u>6</u>	<u>217</u>	<u>247</u>

8. STOCKS

	2017 £'000	2016 £'000
Goods for resale	<u>371</u>	<u>351</u>
	<u>371</u>	<u>351</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Trade debtors	12	14
Amounts due from group undertakings	100	195
Other debtors	<u>93</u>	<u>7</u>
	<u>205</u>	<u>216</u>

Intercompany balances are interest free.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2017**

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£'000	£'000
Trade creditors	77	97
Amounts owed to group undertakings	2,409	2,415
Social security and other taxes	28	27
VAT	1,265	1,157
Other creditors	22	9
Accruals and deferred income	233	298
	<u>4,034</u>	<u>4,003</u>

Included in accruals and deferred income are pension contributions of £17,420 (2016 – £15,710)

Intercompany balances are interest free.

11. DEFERRED GOVERNMENT GRANTS

	2017	2016
	£'000	£'000
Opening balance	86	93
Amortised in year	<u>(6)</u>	<u>(7)</u>
Closing balance	<u>80</u>	<u>86</u>

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND OPERATING LEASES

At the reporting year end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£'000	£'000
Within one year	873	936
Between one and five years	<u>305</u>	<u>1,245</u>
	<u>1,178</u>	<u>2,181</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2017**

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £'000	2016 £'000
1	Ordinary	100p	<u>-</u>	<u>-</u>

14. RETAINED EARNINGS

The profit and loss account reserve represents cumulative realisable profits and losses.

15. EMPLOYEE BENEFIT OBLIGATIONS

The company operates a defined benefit pension scheme.

Certain employees of the company are members of North East of Scotland Pension Fund, a Local Government Pension Scheme. Premiums in the year relating to those employees amounted to £141,000 (2016 - £117,000). In the year to 31 March 2017 the employer contribution rate was 15.2% (2016 – 15.2%).

The fund is reviewed every three years by a professionally qualified independent actuary using the projected unit credit actuarial cost method, the rates of contribution payable being determined by the directors on the advice of the actuaries. In the intervening years the actuaries will review the progress of the scheme and prepare an interim valuation for the purposes of reporting under FRS 102. The last actuarial valuation was carried out at 31 March 2015. The value of the fund at 31 March 2017 was as follows.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2017 £'000	2016 £'000
Present value of funded benefit obligation	1,582	604
Fair value of plan assets	<u>(1,292)</u>	<u>(507)</u>
Deficit	<u>290</u>	<u>97</u>

A deferred tax asset has not been recognised in respect of the above deficit on the basis that there is insufficient certainty over the availability of future taxable profits.

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2017 £'000	2016 £'000
Current service cost	185	170
Interest on pension liabilities	1	-
Expected return on assets	<u>4</u>	<u>3</u>
	<u>190</u>	<u>173</u>
Actual return on plan assets	<u>125</u>	<u>8</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2017****15. EMPLOYEE BENEFIT OBLIGATIONS continued**

Changes in the present value of the defined benefit obligation are as follows:

Defined benefit pension plans

	2017	2016
	£'000	£'000
Opening defined benefit obligation	604	407
Current service cost	185	170
Interest on pension liabilities	22	14
Member contributions	64	53
Actuarial losses on liabilities	607	-
Actuarial losses / (gain) on assumptions	143	(40)
Benefits/transfers paid	(43)	-
	<u>1,582</u>	<u>604</u>

Changes in the fair value of scheme assets are as follows:

Defined benefit pension plans

	2017	2016
	£'000	£'000
Opening fair value of scheme assets	507	332
Employer contributions	141	117
Member contributions	64	53
Interest on plan assets	21	14
Re-measurements	606	(6)
Administration expenses	(4)	(3)
Benefits / transfers paid	(43)	-
	<u>1,292</u>	<u>507</u>

The amounts recognised in the statement of comprehensive income are as follows:

Defined benefit pension plans

	2017	2016
	£'000	£'000
Actuarial losses / (gains)	144	(34)
	<u>144</u>	<u>(34)</u>
Cumulative amount of actuarial losses / (gains)	<u>144</u>	<u>(34)</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2017****15. EMPLOYEE BENEFIT OBLIGATIONS continued**

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2017	2016
Equities	68.0%	77.4%
Government bonds	11.1%	10.9%
Other bonds	1.6%	2.4%
Property	7.0%	8.5%
Cash/liquidity	1.5%	0.8%
Other	10.8%	-
	<u>100.0%</u>	<u>100.0%</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2017	2016
Discount rate	2.6%	3.6%
Future salary increases	3.1%	3.5%
Future pension increases	2.1%	2.0%
Rate of CPI inflation	2.1%	2.0%
Life expectancy	Males	Males
Current pensioners	21.9 years	22.2 years
Future pensioners	23.5 years	24.4 years
Life expectancy	Females	Females
Current pensioners	24.1 years	24.8 years
Future pensioners	26.3 years	27.6 years

16. RELATED PARTY DISCLOSURES

During the current and previous year, the company was controlled by Aberdeen City Council.

The company is a wholly owned subsidiary of Aberdeen City Council. The results of the company are included within the consolidated accounts of Aberdeen City Council. The company has taken advantage of section 33 of FRS 102 which allows exemption from disclosure of related party transactions with other wholly owned group companies.

17. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Aberdeen City Council, a local authority organisation operating in Scotland. Copies of the audited accounts can be obtained from Aberdeen City Council, Marischal College, Broad Street, Aberdeen or online at www.aberdeency.gov.uk.